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FISCAL IMPACT STATEMENT

LS 6785

BILL NUMBER: HB 1528

NOTE PREPARED: Jan 16, 2013

BILL AMENDED:

SUBJECT: Assessment of Agricultural Land.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that for purposes of the 2013 and 2014 assessment dates, the statewide agricultural land base rate value per acre used to determine the value of agricultural land is \$1,200.

Effective Date: January 1, 2013 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, the base rate for agricultural land is set by the DLGF each year, based on a six-year rolling average of the capitalization of net cash rents and net operating income for farmland. The current base rates per acre are \$1,760 for taxes payable in CY 2014 and \$2,050 (est.) for taxes payable in CY 2015.

Under this bill, the base rate would be set at \$1,200 for taxes payable in 2014 and 2015. The reduction in the farmland base rate in this proposal would result in a higher tax rate and a shift of part of the property tax burden from farmland owners to other taxpayers, and would increase circuit breaker credits. Farmland tax bills would decline by about \$94 M in 2014 and \$140 M in 2015.

The statewide average tax rate per \$100 AV would increase by an estimated \$0.063 in 2014 and \$0.089 in

2015. Local revenue losses due to the circuit breaker caps would increase by an estimated \$21.7 M in 2014 and \$30.1M in 2015. The higher tax rates would also cause TIF proceeds to increase. The table below contains estimates of these changes by property type.

Estimated Net Property Tax and Circuit Breaker Changes				
Net Tax by Property Type	2014		2015	
Farmland	- \$94.1 M	- 27.2%	- \$139.7 M	- 35.7%
Homesteads	+ 26.5 M	+ 1.4%	+ 36.8 M	+ 1.9%
Other Residential	+ 8.2 M	+ 1.1%	+ 11.4 M	+ 1.6%
Commercial Apartments	+ 0.6 M	+ 0.2%	+ 0.8 M	+ 0.3%
Ag_Business (Except Farmland)	+ 6.6 M	+ 5.8%	+ 9.0 M	+ 8.0%
Other Real Property	+ 12.5 M	+ 0.7%	+ 17.3 M	+ 0.9%
Personal Property	+ 16.1 M	+ 1.6%	+ 22.2 M	+ 2.2%
TIF Proceeds	+ 3.3 M	+ 0.7%	+ 4.5 M	+ 0.9%
Circuit Breaker Credits	+ 21.7 M	+ 3.2%	+ 30.1 M	+ 4.3%

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Local assessors; Local civil taxing units and school corporations.

Information Sources: *Certification of Agricultural Land Base Rate for Assessment Year 2013*, DLGF, http://www.in.gov/dlgf/files/121228_-_Certification_Letter_-_2013_Agricultural_Land_Base_Rate.pdf; Larry DeBoer , Purdue University

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